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Viewing cable 07SANJOSE1783, COSTA RICA AND CHINA: IS TRADE THE TIE THAT BINDS?

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Reference ID	Created	Released	Classification	Origin
07SANJOSE1783	2007-09-27 17:33	2011-08-30 01:44	CONFIDENTIAL	Embassy San Jose

Appears in these articles:

<http://www.nacion.com/2011-03-04/Investigacion/NotasDestacadas/Investigacion2697549.aspx>
<http://www.nacion.com/2011-03-04/Investigacion/NotasSecundarias/Investigacion2697564.aspx>
<http://www.nacion.com/2011-03-04/Investigacion/NotaPrincipal/Investigacion2697557.aspx>
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PP RUEHWEB

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P 271733Z SEP 07
FM AMEMBASSY SAN JOSE
TO RUEHC/SECSTATE WASHDC PRIORITY 8956
INFO RUEHZA/WHA CENTRAL AMERICAN COLLECTIVE PRIORITY
RUEHBJ/AMEMBASSY BEIJING PRIORITY 0136
RUEHGP/AMEMBASSY SINGAPORE 0059
RHMFISS/HQ USSOUTHCOM MIAMI FL
RUEHIN/AIT TAIPEI 0078

C O N F I D E N T I A L SAN JOSE 001783

SIPDIS

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DEPARTMENT FOR WHA/CEN, EAP/CM; SOUTHCOM FOR FPA

E.O. 12958: DECL: 09/18/2017

TAGS: [CS](#) [CVIS](#) [ETRD](#) [PGOV](#) [PINR](#) [PREL](#) [XK](#)

SUBJECT: COSTA RICA AND CHINA: IS TRADE THE TIE THAT BINDS?

REF: A. SAN JOSE 1488 AND PREVIOUS

[1](#)B. BEIJING 5819 AND PREVIOUS (ALL NOTAL)

Classified By: DCM Peter Brennan per 1.4 (d)

[1](#)1. (C) SUMMARY: Sino-Costa Rican relations have gotten off to a splashy start, with trade as the centerpiece. The new Chinese Embassy in San Jose opened on August 24, in conjunction with a trade fair which reportedly netted USD 12 million in sales or commitments for the Chinese and USD 140 million for the Costa Ricans. The two countries also created a commercial forum, and the GOCR eased visa restrictions for Chinese businessmen and travelers. Minister of Foreign Commerce Ruiz participated in an investment and trade fair in China September 8-11. President Arias will visit China October 22-28, as part of a broader trip including some Middle East states (to burnish newly-established relations), Singapore (to open a new embassy) and Chile (for the Ibero-American Summit). Costa Rica views China as its gateway to Asia and an important ally for its UNSC aspirations. China is using Costa Rica primarily as a "base" to expand relations throughout Central America. Both sides seem satisfied with that arrangement at this point. END SUMMARY

NEW HOME, NICE NEIGHBORHOOD

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[1](#)2. (SBU) A heavy rain did not dampen spirits for the opening of the Chinese Embassy, which featured three GOCR ministers (2nd VP Kevin Casas, FM Bruno Stagno and FinMin Guillermo Zuniga); PRC Assistant FM He Yafei, VM of Commerce Ma Xiuhong and other senior officials; the 120-plus members of the visiting Chinese trade delegation; a wall-to-wall crowd of other guests; and heavy media coverage. The tight security (including blocked streets, a rarity for San Jose) and the prime location of the chancery (a large house a short walk from President Arias's residence) generated comment. But, Ambassador Wang Xiaoyuan was quick to explain to PolCouns that he had selected the site simply because it was available and (more or less) affordable. Wang added that the Chinese consulate was located in another house nearby while he and his wife were still searching for a suitable residence. (PRC Emboffs confirmed this to us on September 26.) He expressed the hope that other countries in the region would make the same "correct decision" as had Arias (to recognize China). (COMMENT: Not only are the PRC consulate and embassy close to Arias's house, but the consulate is directly across the street, with the PRC flag in full view from his residence. END COMMENT.)

SHOW US THE MONEY

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[1](#)3. (SBU) The three-day Chinese trade exposition that ran concurrently with the embassy opening featured a broad range of products, from industrial, to telecommunications to cosmetic jewelry. The expo was sponsored by the Chinese Council for Promotion of International Commerce (CCPIT) and the Chinese Chamber of International Commerce (CCOIC). The breadth of products spanned 32 vendor displays, prompting one Costa Rican visitor to remark, "There is everything here!" Econoff also observed Wang Jinzhen, CCPIT Executive Vice President, guide the GOCR's Zuniga on a personal tour of the expo. The Chinese clearly "came to play." Wang told PolCouns that the CCPIT had been planning for this trade fair and new ties with Costa Rica for over a year.

[1](#)4. (U) Chinese vendors signed contracts worth USD two million and secured letters of intent valued at over USD 10 million for the sale and distribution of Chinese products.

On the Costa Rican side, growers from the Terrazu region were especially pleased by the Chinese purchase of 37,000 lbs of high-end coffee beans, and by the visit of some Chinese businessmen to tour Terrazu first hand. The GOCR hopes that gourmet coffee will be a major export to China. Some 30,000 visitors toured the show, according to media reports, as Chinese VM Ma optimistically predicted that two-way trade could total USD 3 billion by the end of 2007. (According to figures released by the Casa Presidencial, two-way trade between Costa Rica and China totaled USD 1.7 billion in 2006, with nearly USD 870 million alone in microprocessing chips exported by Intel to China.) Separate from the San Jose exhibit, the PRC and GOCR launched a bilateral Economic and Commercial Forum, which facilitated the commitment to purchase USD 140 million of Costa Rican products, led by coffee.

OF VISAS AND VISITS =====

15. (SBU) The commercial opening with China was accompanied (as expected) by easier visa restrictions (Ref C). On September 19, Immigration officials privately reconfirmed to us what Director Mario Zamora had announced publicly last month. Chinese travelers technically remain in Class 4, the toughest category which requires a visa and special approval (from the MFA and Immigration) before entering the country. But, bonafide business travelers from China no longer need special approval, and can enter the country on visas issued by the new Costa Rican embassy in Beijing, being treated in effect as Class 3 travelers, permitted to stay in country 30 days. In addition, any Chinese traveler with a valid EU or US visa would be placed in the lighter Class 2, permitting them to enter Costa Rica, visa-free, and remain up to 90 days.

16. (C) While more Chinese may be headed for Costa Rica, more GOCR officials are visiting China. Minister of Foreign Commerce Marco Vinicio Ruiz participated in an investment and trade fair in Xiamen September 8-11 and also reportedly met with Ministers Bo Xi Lai (Trade) and Yang Jie Chi (Foreign Relations), as well as CCPIT VP Gao Yan. President Oscar Arias will depart Costa Rica on October 21, in order to visit China October 22-28, a schedule changed from earlier proposals partly because of the president's lingering tendonitis. According to Antonio Alarcon, FM Stagno's COS, the Arias trip will still be a grueling zig-zag, proceeding from China to Saudi Arabia and the Gulf States, for brief stops to shore up newly-established relations, and to follow-up Stagno's globetrotting tour in pursuit of UNSC votes for Costa Rica. From the Middle East, Arias will proceed to Singapore (to open a new embassy), with a brief stop in Jakarta (again, UN-related). Arias will round out his trip in Santiago, for the Ibero-American Summit in early November. According to PRC Emboffs in charge of coordinating the visit, Arias will visit Beijing and two other cities, with a larger delegation than had been planned originally. Twenty-five officials, including Ministers Stagno, Ruiz and Zuniga (probably) will accompany the president. The Chinese here say that a reciprocal visit by President Hu, including a number of stops in Central America, is contemplated for 2008.

The Chinese diplomats in San Jose explain that they have been given the bilateral lead in arranging Arias's visit, given the small size and inexperience of the Costa Rican embassy in Beijing.

INSIDERS' VIEW (AND CONSULS IN HANDCUFFS) =====

17. (C) Alarcon, who was dispatched to Beijing to set up the Costa Rican embassy, acknowledged to Pol/C on September 12 that trade clearly dominates the bilateral agenda with China.

The Arias administration, he added, accepts the fact that the PRC may already have as much as it wants commercially from Costa Rica and is really using its new ties with San Jose as a platform to expand relations around Central America. Alarcon explained that the GOCR wanted a "clean divorce" from Taiwan, which rules out informal ties for the

time being, even if offered by Taiwan. The PRC has begun picking up the slack from Taiwan, meanwhile, accepting the first batch of Costa Rican university students for Mandarin language training which had previously been conducted in Taipei.

¶8. (C) Separately, PRC diplomats candidly told us September 26 that the regional political significance of the new ties with Costa Rica far outweighs any trade benefits for China. Lan Hu, Second Secretary and head of the Political/Press Section of the new embassy added that, in the end, it was the GOCR's concerns which dictated the normalization timetable. Although private (and in some cases, backchannel) discussions had taken place for months with Costa Rica, the final announcement came so suddenly that Lan was dispatched from his previous posting in Madrid with just two day's notice. Lan also predicted that Panama would be the next Central American country to recognize China, with El Salvador being the last. He made it clear the PRC was taking a (typically) long-term view to expanding diplomatic relations around the hemisphere.

¶9. (SBU) Of the GOCR Embassy opening in Beijing, Alarcon described a hectic rush to locate, equip and staff a suitable office, carefully monitored by the Chinese in the process. To avoid even the appearance of impropriety, Alarcon was extremely careful to spend only official GOCR funds and to decline any special treatment by the PRC. The Embassy will be staffed by the Ambassador (Antonio Burgues), a DCM (TBD), two trade officers, two consuls and one or two administrative staff. The two consuls, the only Mandarin speakers in the Costa Rican foreign service according to Alarcon, were stopped by confused and overzealous airport police personnel while transiting Los Angeles on September 11. Alarcon advised that the GOCR would protest the treatment of the two diplomats, who were even handcuffed until their situation was clarified. (NOTE: The Ambassador was summoned to the MFA on September 17 to receive the protest note, which we emailed to WHA/CEN on September 18, septel.)

COMMENT

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¶10. (C) Costa Rica views China as its gateway to Asia and an important ally for its UNSC aspirations. China is using Costa Rica as its gateway into Central America. Both sides seem satisfied with this arrangement, for now, but there have not been many tangible deliverables for the GOCR. The China card will not help Costa Rica gain access to APEC, an Arias administration goal, until the membership moratorium is lifted in 2010. New ties to China are no guarantee that Costa Rica will win its much-sought after UNSC seat in elections next month, either. Recognizing China should bring needed investment, especially for infrastructure, but the money has not begun to flow in large quantities. On the commercial side, although the trade shows and talk of new opportunities in Asia are welcome, Tico commentators and private citizens alike have expressed concerns about being overwhelmed some day by the Chinese juggernaut. This is one important new relationship the GOCR will have to manage intelligently and carefully.

BRENNAN